



# SAN JOAQUIN FARM BUREAU FEDERATION

MEETING TODAY'S CHALLENGES / PLANNING FOR TOMORROW

U.S. House of Representatives  
Committee on Agriculture  
Subcommittee on Livestock and Horticulture  
Hearing on farm policy affecting specialty crop industry  
September 26, 2006  
Testimony of Phillip Brumley  
Second Vice President  
San Joaquin Farm Bureau Federation

Mr. Chairman, members of the Committee, my name is Phil Brumley. I am a rice and almond farmer from San Joaquin County. I would like to thank you for this opportunity to provide testimony on specialty crop needs as they relate to federal farm policy.

I would like to thank the California Almond Board and local growers for providing input into this presentation.

Specialty crop producers and processors face serious challenges that threaten the viability of specialty crop producers and industries. These threats include:

- Increasing competition from lower cost foreign producers
- Declining availability of labor, land, water and energy resources
- Persistent and serious pressure from insect and plant diseases
- Increasing costs and greater management complexity from state and federal regulations
- Greater demand for improved microbiological food safety

As a specialty crop and program crop grower, I understand the importance of the wide array of programs offered by USDA. Our industry is in competition for scarce resources. We recognize the dangers of taking money from one segment of agriculture to benefit another.

So I'm not here to advocate taking someone else's monies but rather to encourage the most efficient use of federal funds and to encourage examining other sources of potential funds.

For example, conservation programs have long been intended to help farmers improve their resource management practices or comply with regulations under various environmental statutes. Maybe it's time that the Department of Interior and the other agencies allocate resources to further USDA conservation programs. We should shift the focus from a mindset that asks for more land to be acquired by agencies to one of conserving resources in the private sector using conservation program dollars.

- This should apply as well to the Department of Commerce, Army Corps of Engineers and the Environmental Protection Agency and other agencies. All of these agencies have some regulatory oversight when it comes to farmers and ranchers. Maybe it's time they help fund solutions to the problems they are creating.

Please allow us to also recognize one key concept when you are considering farm programs of any kind. From the bank, to the nursery who sells me my trees, to the chemical company, processor, truck driver, broker and ultimately my neighbors, we all have something in common. We all rely on a healthy marketplace and an ability to grow, harvest, process and sell our commodity at a profit for us to survive. There are two key points that need to be stressed here. 1. The key component in "sustainable agriculture" is profitability. And 2. If any one segment of agriculture suffers, we all suffer. New regulations being proposed on Central Valley processors will be felt throughout the entire agricultural industry. Higher fuel costs not only impact the cost of running equipment in the field but also at the processor, not to mention the trucking company who handles our product.

For another example, it's great to talk about using chemicals that will have less impact to the environment. But if the end result is multiple applications of a low impact product, we as farmers are forced to make a decision-is it really worth it or should we go back to one application that we know will work and be done with it?

I'd like to comment on legislation that is being circulated by Congressmen Richard Pombo and Dennis Cardoza. We applaud their efforts to bring substantive debate forward in Congress on the needs of our growers.

I am the grower of one of the fastest growing export crops in our state, almonds. We believe that additional funding is needed to ensure that our industry may continue to grow and ultimately prosper.

In the following pages, I will cover some key priority areas for specialty crop growers including:

1. It's time to increase our investment in specialty crop research including better disease and pest protection, emerging technologies, the development of cost-effective and environmentally responsive programs, and mechanization.
2. We need to ensure that the maximum amount spending for conservation programs goes directly to farmers and ranchers for practices that will be implemented on the ground, not to third party groups.
3. The focus of any programs under USDA should be clearly defined so they prioritize spending on programs to promote working landscapes. This is especially true when it comes to the conservation programs and some priorities we have seen to increase spending on "land abandonment" programs.
4. We need to expand investment in export related programs.
5. Nutrition programs should be expanded with an emphasis on healthy diets and a greater focus on fruits, vegetables and nuts.
6. More monies should be spent on renewable energy programs that promote other energy sources while solving waste.
7. Other sections of the proposed legislation by our Congressmen that we believe will benefit specialty crop producers.



## RESEARCH, EXTENSION AND EDUCATION

Priorities for specialty crops in the areas of research, extension and education should include:

- Understanding and Improving Quality of Our Products
- Understanding Consumer Perceptions of Specialty Crops, the Role of Nutrition in Specialty Crops, and the Economic Contribution of Specialty Crops to Rural Economies
- Enhancing Processing and Production Efficiency
- Developing and Promoting Sustainable Practices

Whether it's new technology for irrigation or timing of needed chemical application, we need an increased commitment from Congress for research. In the past, agriculture has been able to adapt to an ever-changing regulatory environment based on our ability to become more efficient in our practices. This is especially true in our state where we not only duplicate but exceed most all federal regulations.

But as new regulatory requirements are adopted, it is essential that Congress step up to meet the challenge for specialty crop growers. An important component is an investment in our University system to conduct this research and distribute the results to area growers through extension agents.

Our Cooperative Extension Programs provide the on-the-ground research and the dissemination of information that is so vital to maintaining an agricultural industry. How they operate under their restricted budgets is a testament to their commitment to agriculture and their expertise. We need Congress to not only continue, but increase their allocation of scarce resources to programs like Cooperative Extension. We believe these programs will enable us to improve the quality and quantity of our almonds, can help enhance processing and production efficiency and will enable us to develop new and innovative practices to address resource concerns.

When it comes to research, I have had the opportunity to review the American Farm Bureau Federation policy 159 on research. We believe this is a good summary of some additional priority issues related to this topic.

Finally, I will leave you with one key thought when it comes to research. We believe it is better to resolve issues by investing in research and technology rather than wait for it to become a political issue. This holds true to sanitary/phytosanitary issues, other trade issues and related to the conservation of natural resources.

## CONSERVATION PROGRAMS

In an initial review of the draft legislation, we see an increased commitment to conservation programs as a POTENTIAL positive step. What we would stress is that we do not want you to kill us with "kindness" under this section, meaning we do not want to see a vast increase in conservation program spending that permanently retires agricultural production.

We support two goals when it comes to conservation funding.

- Get the maximum amount of money DIRECTLY into the hands of our farmers, ranchers and foresters.
- Clearly prioritize that the programs that are fully funded will be those that emphasize conservation in working landscapes.

We have to admit that increasing funding for the Environmental Quality Incentives Program (EQIP) is essential, but not if it comes with additional requirements for producers. Far too often we have seen interests outside of agriculture who want to re-direct this over-subscribed programs funding to conduct demonstration projects or create new monitoring requirements.

EQIP remains under-funded to meet current demands and this funding needs to be increased. Furthermore, we need to be lessening the requirements under this section, not adding regulations on growers who participate in programs to improve the environment.

No third party monitoring should ever be allowed for EQIP. Again, there are special interest groups who will propose this under the guise of providing greater accountability. The accountability in this program comes from the growers who implement the practices and invest their own time and resources to make sure they succeed. These growers work directly with the agency (NRCS) to ensure they are following agency protocol.

Ultimately, EQIP provides useful programs to address a variety of water and air quality related issues. It is up to USDA-NRCS to continue to develop practices that can be adopted at the farm level to improve our private resources.

We do have concerns with land retirement programs like the WRP and CRP. We believe they should not be expanded and in the case of the WRP, the clear focus should be on term easements instead of easements in perpetuity. The WRP should also be amended to ensure that it could not be used to acquire "other interests" in land. In several cases, WRP funds have been used to facilitate the transfer of private land to public agencies.

Utilizing WRP funds to transfer land to the government is not acceptable and this program should be amended to preclude this from happening in the future.

Under the current CRP, active land management is discouraged. We have seen first-hand how some CRP ground in our state is actually declining in habitat values.

We have had an opportunity to review some language that would encourage the use of USDA conservation programs to protect federally protected species and their habitat under the Endangered Species Act. While we are intrigued by this concept, we must warn that this is a discussion that should move forward jointly with the House Resources Committee.



We firmly believe that there can be great progress made in improving species conditions on working landscapes. But Congress needs to develop and authorize this approach by amending the Endangered Species Act.

This is due to the fact that we have groups in California who file lawsuits on just about anything when it comes to the ESA. We believe that if USDA conservation program dollars were spent to protect listed species, that groups would sue USDA for failure to consult with NOAA-Fisheries or the U.S. Fish and Wildlife Service and that the conservation practices approved by USDA are actually harming species. This type of lawsuit could ultimately place new regulations on growers who are trying to help species.

While this example of the “no good deed goes unpunished” theory has not played out, we believe it is up to Congress to PREVENT this from happening rather than promote the next train wreck under the ESA.

We believe that if Congress wants to promote habitat and species under the ESA, that this will have to be authorized under the ESA and that any requirements for consultation should take place between the USDA agency developing the conservation practices and the wildlife agencies. We believe this consultation should take place at the programmatic level or possibly at the state level where practices are proposed by USDA and approved by the wildlife agencies. No consultation should be required at the project level (the landowner should not have to consult under the ESA).

Furthermore, adequate safe harbor agreements for the participant and surrounding landowners would need to be developed as well as a no-surprises policy that would ensure that no additional requirements would be placed on the landowner or his or her neighbors.

In closing this section, spending on conservation programs must be increased and the focus of this spending should be on getting the maximum amount of money directly in the hands of farmers and ranchers, not special interest groups. In addition, the funding should be prioritized to projects that promote working landscapes. Finally, it's time for Congress to get creative. Rather than rob from the Commodity title to pay for the Conservation program, let's look to the agency budgets who promote the regulation of agricultural resources. Rather than spend this money on enforcement and an ever-expanding bureaucracy, let's see this funding go directly to farmers who wish to improve the environment. Funds used for land acquisition by any agency should be the first target. Agency budgets at EPA and the Army Corps would be another place to start as we believe we can achieve a lot more in terms of conservation of natural resources through incentives rather than the current approach of regulate first and see if it works later.

#### EXPORT AND MARKET PROMOTION

- Almonds are California's #4 ag crop with a farm value of \$2.2 billion
- Almonds are California's leading ag export, valued at over \$1.37 billion and the US' #1 specialty crop export
- About 70% of almond production is exported to more than 90 countries

As you can see from the figures above, the exportation of almonds has proven essential to the growth of this industry. This is true for so many other specialty crops.

The continued extension of programs designed to promote the sale of Almonds and other crops overseas is needed by our industry. As phytosanitary and market access issues are increasing, we need to have the resources to ensure our products can be shipped abroad. We need to invest the resources to address these issues prior to shipment, rather than wait for problems to arise.

USDA's market access and emerging market programs (MAP and EMP) need to be expanded along with added funding for the Technical Assistance for Specialty Crops that has helped us address a wide range of issues.

Finally, the eyes and ears for agricultural trade, the Foreign Agricultural Services needs the resources to they can help our industry identify issues before they disrupt trade flows and to assist our industry in opening up new markets.

#### NUTRITION

From addressing the growing epidemic of obesity, to simply improving the quality of life for all people, specialty crops make up the foundation of a healthier United States. Research has shown the health related benefits of the consumption of fruits, nuts and vegetables. That being said, it's time for Congress to re-invest in our collective health by allocating resources to promote the consumption of specialty crops like almonds.

Expanding the fruit and vegetable program is a good place to start. Further research funded by USDA in the health related benefits from other specialty crops is also essential if we are to compete in this global marketplace.

In reviewing this section, it would appear that there are some missed opportunities to promote local programs that meet the objectives of this section. One example would be the Select San Joaquin Program which promotes the consumption of locally grown products. Right now this program has limited funding, but it does have two supermarket chains the County Health Services and Ag Commissioners office and volunteers looking to promote the consumption of fruits, nuts and vegetables grown locally. We believe this program should be eligible for funding and this is something that needs to be addressed.

#### RENEWABLE ENERGY

We find it encouraging that agriculture is being looked at as a potential fuel source for our Country and we applaud the efforts to promote ethanol biofuels, electricity and other energy from our farms and ranches. However, we must caution you at the same time USDA is promoting agriculture as an energy supplier, that this supply depends on one factor in California and other arid states, available water supplies. So while USDA is doing its part to promote this activity, there are agencies in Washington who say that agriculture in California is going to have to live with less water in the future. We will not be able to greatly enhance our energy production without greatly increasing our surface water supplies.



The section in this proposed bill to address biomass waste is absolutely essential for specialty crop growers. As regulations have been advanced in our state to preclude the burning of orchard and other agricultural waste, programs that increase the incentives and allow for a thriving biomass industry that can utilize this agricultural waste need to be expanded.

We have gone from burning our orchard waste in the field to taking several trips through each field to chip the orchard prunings in order to improve air quality. Today there are not sufficient incentives to gather what is now a waste product and turn it into an energy source. This proposed legislation moves us in the right direction.

For agriculture to become a greater provider of energy to the US, we must have the resources (water), incentives and ultimately, a marketplace that encourages this production.

In Germany for example, farmers are paid a premium for their "biofuels" or the solar or wind turbine energy they produce. The incentives are significant enough that more and more growers are contributing to that country's energy supply.

To contrast, there is a California dairy with a methane digester that is producing electricity. So far the local utility will not pay for any electricity generated which means the miles and miles of homes that could be getting their energy from this project are precluded by the utility company.

These are the types of issues Congress should be prepared to address.

#### OTHER SECTIONS

In evaluating the proposed legislation, we can see where the specialty crops block programs and creating flexible payment limitations for disaster payments are programs that will benefit our producers.

This year alone we have record rainfall in the spring followed by a record heat wave in the summer. The need to address these types of disasters for specialty crop producers is becoming increasingly important. The key point is regardless if we can produce a crop, we still comply with so many different regulations. That this bill would change the focus to reflect a cost of production or our crop value variations is an extremely important step. Funding for this type of approach is essential.

The section on programs for first handlers of specialty crops is equally important. Please see my introduction-we are all in this together and when one segment of our almond industry suffers, we all suffer.

Title III as presented is a welcome addition for specialty crop growers, as it would fund programs to provide a more effective system to address invasive pests and diseases. One word in this section should be noted and that is bioterrorism. As agriculture has been

identified as critical infrastructure to the United States, it stands to reason that the investment to protect this industry should reflect its importance. Increasing inspection, the eradication of any pest that enters our food supply system and emergency eradication programs can provide safety and security to our food supply and distribution system.

In closing, specialty crops account for more than \$50 billion annually which is more than half of our U.S. crop production value. Challenges facing our specialty crop growers continue to increase while research and extension capacity to address these challenges have diminished. It's time to reverse this trend and adequately fund these programs so we can make sure that our issues of today, do not turn into political issues, trade restrictions or an environmental concern in the future.



# Phillip Brumley

19831 E. Dodds Rd.  
Escalon, CA 95320

Office/Fax (209) 838-7811

---

## Summary

An Agricultural Consultant and Farmer with over 26 years experience in finance, appraisal and management; specializing in field crops, trees and vines, dairies and processing operations. Experienced as a receiver in State Court and as an expert in both Federal and State Court.

## Experience

1995-Present                      Phillip Brumley Consulting                      Escalon, CA

### Consultant

- Financial consulting, budgeting, planning and organization.
- Appraisal of crops, livestock, equipment and real estate.
- Property management including private and receivership projects.
- Real Estate sourcing, evaluation and marketing.

1987-1995                      The McCarty Company                      Stockton, CA

### Consultant

- Associate involved in various assignments.
- Financial consulting, appraisal, property management and litigation support.
- Assisted in project design and development of agricultural properties.

1979-1987                      Sierra Bay FLBA                      Stockton, CA

### Assistant Vice President and Branch Manager

- Managed a loan portfolio of 1100 loans for \$175,000,000.
- Supervised lending, appraisal and secretarial staff.
- Specialized in agricultural and ag related projects.

1972-Present                      Phil Brumley Farms                      Escalon, CA

### Owner/Operator

- Farm operation presently includes rice and almonds.
- Historical operations also include livestock and forage crops.
- Custom farming and management of outside properties is ongoing.

## Education

1975-1979                      California Polytechnic State University  
San Luis Obispo, CA

- B.S., Agricultural Business Management.

## Affiliations

### Organizations:

- San Joaquin Farm Bureau, 2<sup>nd</sup> Vice President
- San Joaquin Valley Ag Lenders Society
- Escalon High School Ag Advisory Council
- Trustee, Escalon Unified School District
- California Department of Food & Ag Brokers License

## References

References are available upon request. Past clients include individuals, corporations, banks, attorneys and accountants.

Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form

House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Phillip L. Brumley  
Address: 19831 E. Dodds Road, Escalon, CA 95320  
Telephone: (209) 838-7811  
Organization you represent (if any): San Joaquin Farm Bureau Federation

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Please check here if this form is NOT applicable to you:   /  

Signature: Phillip L. Brumley

\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.